

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7118**

**BILL NUMBER: SB 292**

**NOTE PREPARED: Feb 2, 2005**

**BILL AMENDED:**

**SUBJECT:** Limitation on Medicaid Optional Services.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill allows the Governor to: (1) limit; or (2) exclude; an optional Medicaid service from the State Medicaid Plan by executive order if the Governor determines that the state's fiscal situation requires the Medicaid limitation or exclusion.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) This bill would allow the Governor to limit or exclude certain optional Medicaid services from the State Plan by executive order. The bill would not allow the Governor to override other statutory requirements that impact the optional services. (For example, I.C. 12-15-35-28(f) provides that the preferred drug list may not exclude a specific drug based solely on the price of the drug.) The fiscal impact of the bill would be dependent on administrative actions by the Governor.

***Background:*** Major optional services as identified by the Office of Medicaid Policy and Planning for FY 2003 are displayed below to serve as a reference to the types of services and the amount of state spending that might be impacted with revisions to the State Plan for optional services. The expenditures for the listed optional services do not include expenditures for clients covered within the risk-based managed care contracts unless the services are provided outside the terms of the contracts.

<b>Optional Services</b>	<b>FY 2003 Total Federal-State Expenditures</b>
Prescribed Drugs	\$626.0 M
Intermediate Care Facilities - MR	334.9 M
Mental Health Rehabilitation	209.0 M
Dental Services	77.4 M
Durable Medical Equipment	70.5 M
Clinic Services	35.8 M
Transportation	31.3 M
Inpatient Psychiatric (under age 21)	22.6 M
Targeted Case Management	20.1 M
Hospice Services	18.5 M
All Others	43.5 M
<b>Total</b>	<b>\$1,489.6 M</b>
Source: <i>Opportunities and Observations for Indiana Medicaid</i> , Presented to the Indiana Government Efficiency Commission, Subcommittee on Medicaid and Human Services, Lewin Group, September 2004, reporting OMPP data.	

**Explanation of State Revenues:** Medicaid is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Office of Medicaid Policy and Planning, the Division of Disability, Aging, and Rehabilitative Services, Division of Mental Health and Addiction, Division of Family and Children.

**Local Agencies Affected:**

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